

***STATE JOB TRAINING COORDINATING
COUNCIL***

***Building Blocks for a California Workforce Preparation System:
A Progress Report***

September 26, 1996

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California faces a challenge to make workforce preparation effective for employers, workers, and economic development in the face of fundamental changes in the nature of work, the workforce, the workplace, and industry. The State's workforce, with its increasing diversity in size, age, ethnicity, and culture, has become a key ingredient in the State's economic recovery, growth, and vitality. Immigrants to California account for over one third of the nation's total and have been instrumental in opening up new markets for export and consumption. New trends have also emerged that are placing very different demands upon the workforce. Trends such as downsizing, self-employment, temporary work, market globalization, virtual corporations, computerization, technological change, and emphasis on the high-performance workplace, all require that workers be trained for a new world of work.

These new economic realities have converged to create an environment to which traditional workforce preparation programs and structures can no longer adequately respond. There is increasing evidence that significant segments of California's workforce are not prepared to meet the demands of this rapidly changing economy. This report contains recommendations for building blocks that lead to a workforce preparation system responsive to the demands of the new economy.

To successfully compete in the new global economy, California needs a workforce that is fully prepared to meet the challenges of working for its businesses and industries. First-time and returning workforce entrants must be work-ready, literate, and able to quickly grasp specific work tasks. The Economic Strategy Panel has reported that "graduates and job-seekers are not matching up with the basic skills required by industries which will be among the growth leaders in the 21st Century economy....Literacy, math skills, creativity and computer competence are imperative to compete, or even survive, in the workplace." The policy recommendations contained in this report, *Building Blocks for a California Workforce Preparation System: A Progress Report*, are designed to help California ensure that a competitive workforce exists for the 21st Century.

Under the guidance of both the Governor and the Legislature, California has been engaged for several years in an effort to reform its fragmented collection of employment and training programs. As the Governor's advisory body for workforce preparation, the State Job Training Coordinating Council (SJTCC) has, during the last year, engaged in a major public policy debate and deliberation over California's workforce preparation issues and future. Following the direction provided by the California Legislature in Senate Bill (SB) 1417, the SJTCC devoted hundreds of hours of research and public discussion to build a policy framework around which an improved workforce preparation system for California can be designed. The SJTCC adopted the following set of Guiding Principles on which to build California's workforce preparation policy framework:

California's Workforce Preparation System will: :

- Be comprehensive and flexible
- Integrate into a coherent system workforce preparation programs
- Be responsive to customers (employers, job, education, and training seekers)
- Be responsive to changing economic opportunities
- Streamline governance and operations
- Evaluate and build upon existing public investment in the workforce preparation system
- Recognize existing statutory authority of other governing bodies
- Link workforce preparation with economic development
- Ensure private sector leadership and direct involvement
- Create an environment that supports attracting new business to the State
- Recognize opportunities present in the State's diverse workforce and population
- Support and promote a system of lifelong learning
- Provide community access to workforce preparation information and discussion

“Workforce preparation” is education and training that prepares future, current, and transitional workers for employment by developing their academic, occupational, and literacy skills and workplace competencies.

The recommendations and options contained in this report have been developed after consulting with business, labor, and education communities throughout the state. In addition, hundreds of individuals and organizations representing a cross-section of the California economy have participated in this effort. Nevertheless, many issues remain unresolved, due largely to the uncertainty of federal workforce development block grant legislation. Federal funding streams, goals, and regulations dictate much of what the state can and cannot do in order to consolidate programs and provide improved, integrated service to business, industry, and the workforce itself. It is the intent of the SJTCC to continue addressing these important issues.

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> *State Job Training Coordinating Council*

State Job Training Coordinating Council Vision:

California will have a highly-skilled and well-educated workforce that enhances the State's competitive advantage in the global economy.

The State Job Training Coordinating Council (SJTCC) is the Governor's advisory body for workforce preparation in California. This report provides an overview of the SJTCC's work over the past year in developing recommendations for a new workforce preparation system. The recommendations are divided into four broad areas, coordination and planning, private sector involvement, performance based accountability, and governance. The SJTCC's vision for a highly-skilled and well educated workforce guided the SJTCC in addressing issues and developing recommendations.

The State Job Training Coordinating Council Mission includes:

*To promote integration of workforce preparation programs at the State level;
To further cooperation between government and the private sector in meeting California employers' needs for well-trained workers and California workers' needs for good jobs; and
To provide oversight of programs operated under the Job Training Partnership Act*

Much of the SJTCC's recent work was prescribed by Senate Bill (SB) 1417, which the Governor signed into law in 1994. SB 1417 further enhanced the SJTCC's role in workforce preparation by directing the SJTCC to develop recommendations for transforming California's fragmented and duplicative collection of federal and state employment and training programs into a cohesive, integrated, workforce preparation system. Specifically, SB 1417 charged the SJTCC with the :

1. Development of a performance-based accountability system for state and federal employment and training programs.
2. Identification of strategies to link workforce preparation to the current and future economic needs of California, and
3. Identification of an appropriate organizational structure for a statewide workforce preparation council.

Recognizing that the private sector has a stake and should have a role in workforce preparation, the SJTCC was also directed to promote strong collaborative partnerships between government and the private sector in meeting California's workforce preparation needs.

> *California's Workforce Preparation System*

As a first step in addressing SB 1417, the SJTCC produced the *Response to Senate Bill 1417, Developing a New Workforce Preparation System*, in April 1995. In that report, the SJTCC provided an overview of the State's current employment and training programs along with recommendations for designing a new

“Every industry cluster told our Panel that skills improvement through education and workforce training was its top priority... California’s workforce preparation programs—including vocational education, job training, adult education and school-to-career—must change”

—Collaborating to Compete in the New Economy, Economic Strategy Panel, 1996

workforce preparation system. Additionally, the SJTCC committed to provide the Governor and Legislature the following:

- Recommendations, by April 1996, on a new state-level governance structure that would best meet California’s needs.
- Specific recommendations for substantial involvement of the private sector in workforce preparation that will include a closer relationship with the Economic Strategy Panel and close cooperation with groups representing California business.
- Implementation of a broadly inclusive process for developing performance-based accountability measures, by June 1996.
- A strategic plan, also by June 1996, for California’s workforce preparation system.

To meet these commitments, the SJTCC established the following committees:

- Planning Committee, to develop an initial transition/strategic plan for workforce preparation.
- Business and Labor Committee, to promote business and labor participation and to develop ties between economic development and workforce preparation.
- Special Committee on Performance-Based Accountability, to develop and implement performance-based outcome measures, including core measures, common definitions and common reporting procedures.
- Special Committee on Governance, to recommend an appropriate governance structure for the new workforce preparation system.

Additionally, the SJTCC directed an initiative to develop a policy framework for a One-Stop Career Center System in California and supported an initiative to develop a School-to-Career System. Both of these initiatives explored issues of service delivery critical to the emerging workforce preparation system; One-Stop addressed services for unemployed adults and new entrants to the workforce; School-to-Career addressed linkages between workforce preparation and education, particularly K-16.

> *Council Composition*

The SJTCC consists of 30 members representing: industry and business; state and local government; labor and community-based

“The SJTCC is acutely aware that the integration of workforce preparation programs into a comprehensive and cohesive system that utilizes current and emerging technologies, will help us meet these challenges.”—
California Workforce Preparation Plan 1996 Status Report, SJTCC

organizations; and the general public. State representatives on the SJTCC include: the Lieutenant Governor, the Chancellor of the California Community Colleges, the State Superintendent of Public Instruction, members of both the State Senate and Assembly, the Secretary of the Business, Transportation and Housing Agency, and the Secretary of the Health and Welfare Agency.

> Process

The SJTCC committees sought extensive public input to develop findings and recommendations for the new system. Public input was obtained through:

- A series of focus sessions which provided for customer and stakeholder input on specific topics and issues,
- The submission of policy papers on specific topics and issues for public comment,
- Public forums and hearings held throughout the State,
- A conference on workforce preparation, and
- A Literature review of workforce preparation studies and reports.

The recommendations contained in this report are the result of this collaborative and inclusive process. They reflect the areas of consensus among the various stakeholder and customer groups from whom the SJTCC heard over the past year. To the extent that there were divergent views, these have been reflected in the attached Appendix. This report presents an initial policy framework around which California’s workforce preparation system can be built.

> Federal Legislation

Simultaneous to California’s efforts to develop a new workforce preparation system, Congress began to consider federal legislation that would fundamentally change federally-funded employment and training programs. Known commonly as federal workforce development block grant legislation, it would consolidate numerous federal programs and funding for employment and training to the states through one or more block grants. Likely provisions of the federal legislation will include: development of a performance-based accountability reporting system; delivery of universally-accessible core services through One-Stop Career Centers; a

collaborative approach to state planning, local planning, and governance, with substantial private sector involvement; streamlined, user-friendly labor market information, which would be universally accessible; and the potential use by customers of vouchers to purchase training.

The SJTCC's work and recommendations considered and incorporated anticipated federal legislation to the extent possible. As of the date of this progress report, federal legislation had not been enacted and prospects for passage in this Congress now appear slim.

> *Building Blocks for A California Workforce Preparation System: A Progress Report*

This is a progress report of the work done by the SJTCC to develop a policy framework for a workforce preparation system for California. The Report is divided into the following sections, which coincide with the work done by the Committees charged with each task:

- I - Introduction
- II - Environment of Change
- III - Findings and Recommendations
 - Coordination and Planning
 - Private Sector Involvement
 - Performance Based Accountability
 - Governance
- IV - Service Delivery
- V - Next Steps

* * *

“Talk of how American businesses and industries can build and maintain a competitive edge in the world marketplace has permeated our popular press and shaped much of the ongoing national dialogue about the role of government, education reform and welfare reform. Concern about economic competitiveness has also spurred keen interest in how our nation will prepare the skilled and educated workers it needs for the next century.”
— *Employing our Resources*, National Assn. of State Workforce Investment Policy Council Chairs, April 1996

California’s future and society’s well-being are intimately linked to its workforce, and, as discussed in the introduction, the system that produces this workforce must undergo fundamental change. A series of developments including a changing workforce, shifting business needs, education reforms, and national and state legislation are exerting additional pressures on the State to reform its workforce preparation system.

> *Changing Workforce and Business Needs*

A series of technological and economic changes are swiftly transforming California’s industries. Work places are being restructured through persistent downsizing, flattening of management structures, and a significant emphasis on outsourcing services that were traditionally provided in-house. These pressures have resulted in increased unemployment and a subsequent need for more retraining opportunities for displaced workers to become re-employed.

In addition, new technologies in electronics, computers, and communications are having a profound effect on how we conduct business and workforce preparation programs. The assumptions upon which many of our programs were built are no longer valid.

Furthermore, the very nature of work is changing: permanent full-time jobs are decreasing while temporary, part-time jobs are increasing. Workers are also moving in and out of the labor force, often starting businesses and being self-employed. California is the location of one-third of the new venture capital start-ups in the nation. Also, high-performance workplaces require a work-team approach and new skills and competencies. Thus, California’s workforce has different job options and opportunities from which to select than it has in past decades.

The economic competitiveness of employers depends upon the availability of workers who have improved skill levels and who have access to retraining to meet the demands of new jobs. The challenge of the new world of work is to provide entry- and advanced-level skills to enable all workers—new entrants, displaced or transitional employees, or currently employed workers — to have viable jobs, to develop flexible careers, and to be learning workers.¹

“An economic recovery strategy requires a parallel education and training strategy, one which develops highly skilled workers at all levels. These structural problems in our economy cannot be solved unless determined public and private actions are taken”
— *Mobilizing for Competitiveness, A Call for Action from the California Business Roundtable, January 1994*

At the same time, California is growing a new, competitive economic base with an industry mix that is substantially different from the defense-dominated economy of our past. For instance, our State has assumed a leadership position in many of the most promising global industry growth sectors of the 21st Century.² Importantly, California now accounts for one-fourth of all the nation’s fast growing companies that doubled in size between 1989 and 1994. And, the State has consistently produced more companies on the Inc. 500 list of privately held growth firms than any other two states combined. California is also the home of young, small, and mid-sized enterprises, with the percentage of workers in California firms with less than one hundred employees growing from 42.1% to 51.1% since 1979.³

California’s workforce composition is also undergoing substantial changes. California’s immigrants account for over one third the nation’s total. The massive in-migration has translated into the workplace where immigrant labor participation rates often exceed that of the native-born population. In Los Angeles for example, Latino owned firms have increased 700 percent - three times the overall Latino population growth rate.⁴

This mix of work place and workforce changes profoundly affects California’s economic vitality. Some of the current analytical reports that provide details about these changes are:

- *Collaborating to Compete in the New Economy*, California Economic Strategy Panel, February 1996.
- *Mobilizing for Competitiveness*, a Call for Action from the California Business Roundtable, January 1994.
- *California: A Twenty-First Century Prospectus*, February 1996, a Center for the New West Report in Collaboration with the Center of Continuing Study of the California Economy.
- The report of the Defense Conversion Council.

> ***Education Reforms***

Major education reform initiatives and recommendations have been developed by the School-to-Career Task Force, the Superintendent of Public Instruction, the Community College Board of Governors, the CSU Board of Trustees, the California Post Secondary Education Commission, the Association of Independent California Colleges and Universities as well as countless others involved in the educational system. Some of these are found in:

The Environment of Change

“First, every industry emphasized that skill-sets improvement through education and workforce training is its top priority. Job opportunities and changing skill-sets need to drive job training programs. Second, there is a growing concern that our graduates, particularly at the K-12 level, and job-seekers are not matching up with the basic skills required in California’s new economy. This situation will become increasingly critical in some of the fastest growing industry sectors and will have a profound impact on our economy and our competitiveness.”

—Collaborating to Compete in the New Economy, California Economic Strategy Panel, February 1996.

- *Collaborative Initiatives to Improve Student Learning and Academic Performance, Kindergarten through College*, October 30, 1995, the California Education Round Table.
- *Education Reform: Implication and Responsibilities for K - 12 and Higher Education*, November 1995, Cosponsored by the California State University Institute for Educational Reform and Intersegmental Coordinating Committee of the California Education Roundtable.
- *Choosing the Future*, An Action Agenda for Community Colleges, October 1993, the Commission on Innovation to the Board of Governors of the California Community Colleges.
- *Second to None, A Vision of the New California High School*, 1992, California Department of Education.
- *What Work Requires of Schools, A SCANS Report for America 2000, June 1991*. Established by U.S. Secretary of Labor Lynn Martin, the SCANS Commission.

The themes throughout these reports indicate that every level of the educational system (both public and private) must work collaboratively with each other and closely link with businesses in order to produce an integrated economic development effort and build a comprehensive workforce preparation system.

The educational system has also experienced substantial pressures to change. For instance, employers say they need workers who can read and calculate. Unfortunately, a high percentage of job applicants cannot master eighth grade level reading, writing and math skills. Confidence in the public school system is being severely tested by the low performance of California students on standardized examinations. And, colleges and universities are challenged by the need for remedial education for entering students.⁵

Employers have voiced concern that workforce education, job training, and skill standards must more clearly mirror work place needs. They believe that workforce entrants need to know how their educational experiences are relevant to the work place. Additionally, jobs increasingly require at least a high school diploma, and often, college or technical/vocational training. At the same time, California’s high school drop-out rate now leaves too many young persons unable to complete effectively either for jobs or for academic success.

CURRENT INITIATIVES

> National Legislation

The rapidity of technological change requires public schools, colleges, and training programs to adopt higher skills for all students. Mobilizing for Competitiveness, A Call for Action from the California Business Roundtable, January 1994.

Pending federal workforce development legislation proposes to consolidate a number of workforce preparation programs into one or more block grants. Block grant legislation will change the way in which services are currently planned, delivered, and governed under categorical programs.

Over the past four years, funding for many categorical programs has been incrementally reduced. Congress expects that the proposed consolidation will provide cost savings through administrative efficiencies and the reduction of duplicative services. For these reasons, it is expected that funding may be further reduced from the current sum of categorically funded programs. This means that states will need to continue to operate with less federal resources.

The workplace is a dynamic environment where changes are occurring in an accelerated mode, and the nature of industries is changing dramatically. Workforce Development in the New World of Work. SJTCC, 1995

Federal welfare reform block grant proposals are also the subject of much debate at the national level. The welfare reform legislation recently passed the Congress (and which the President is expected to sign) will time-limit benefits and require the majority of welfare recipients to meet work requirements. If the mandated work requirements of the welfare reform legislation are not met by the State, fiscal sanctions could result. These provisions will require California policy-makers to make decisions about how to implement successfully the welfare-to-work provisions.

> Other States

Other states have begun to transition to a new workforce preparation system in anticipation of the passage of federal workforce development block grant legislation. For instance, Massachusetts has reformed its governance and delivery structure giving business and industry decision-making authority over workforce preparation programs, and privatizing One Stop Career Centers. Texas has consolidated a number of separate departments to bring economic development, job training, and employment services under one roof. The approaches taken by other states to transform workforce preparation provide California with innovative examples to learn from and apply where appropriate in developing our workforce preparation system.

The Environment of Change

> *State and Local Initiatives:*

A number of initiatives are moving California's agenda forward, including:

Economic development is driven by business/worker ties, which enable a productive working relationship and facilitate customer service...State governance and strategic planning issues are central to implementing these changes in a manner which maximizes efficient service delivery and promotes improved client outcomes. Restructuring Workforce Preparation Policy, California Research Bureau.

- Senate Bill 645, which was enacted in 1995, and required the SJTCC to develop a system which would assess the accomplishments and measure the effectiveness of California's workforce preparation system.
- California received a federal planning grant for development of a One-Stop Career Center System.
- Ten California local areas have received One-Stop Career implementation grants and other areas are developing proposals or moving toward collaborative planning and service delivery.
- *Redesign of the Welfare System*⁶, January 10, 1996, a proposal by the California Department of Social Services for implementing a new strategy to move people off welfare and into self-sufficiency.
- California received a federal planning grant for the development of its School-to-Career System.
- Eleven local areas have received federal School-to-Career local partnerships implementation grants.
- Assembly Bill 3512 (Polanco), which was enacted in 1994, established the California Community Colleges' Economic Development Program (ED>Net).
- *The California 2001 Executive Partnership Summit*, May 1996, proposes an integrated technological vision and system to advance the educational and occupational goals of California's workforce and businesses.

As the recent transformation of California's economy suggests, the State retains enormous potential for future growth ... the State must rediscover the kind of innovative, assertive spirit that characterized the State over the past century and a half." A Twenty-First Century Prospectus, A Center for the New West Report, February, 1996.

> **A CALL FOR ACTION**

It is evident, that the State and our local communities can no longer afford to wait to act. It is now time to tackle the hard questions of how to deploy more effectively the vast public and private resources currently dedicated to the development of California's current and future workforce. The recommendations contained in the balance of this report provide an initial policy framework upon which an integrated workforce preparation system can be built.

* * *

¹ *Workforce Development In the New World of Work - Recommendations*, 1995, commissioned by the SJTCC Workforce Preparation Committee and prepared by Ted Bradshaw, p. 2.

² *Collaborating to Compete in the New Economy*, February 1996, prepared by the California Economic Strategy Panel, p. 8.

³ *California: A Twenty-First Century Prospectus*, February 1996, A Center for the New West Report in collaboration with the Center of Continuing Study of the California Economy, p. 3.

⁴ *Ibid*, p. 25.

⁵ *Collaborative Initiatives to Improve Student Learning and Academic Performance, Kindergarten through College*, October 30, 1995, the California Education Round Table, p. *Introduction*.

⁶ *Proposed Redesign of the Welfare System*, January 10, 1996, California Department of Social Services.

Coordination and Planning

In the *Response to Senate Bill 1417*, the SJTCC recommended that a necessary step in establishing the workforce preparation system was to create an initial strategic plan for workforce development in California. Such a plan would include implementation mileposts and time-frames, be non-JTPA specific, embody a statewide vision for workforce preparation, and be long-term. The target date for the strategic plan was set as July 1996. The SJTCC suggested, however, that it should be poised “to respond to changes at the federal level,” if necessary, before the plan was completed.

As discussed in the Introduction to this paper, federal workforce development block grant legislation continues to be uncertain. This uncertainty made it impractical for the SJTCC Planning Committee to develop an actual strategic plan. The Planning Committee could not know whether or not federal legislation will be enacted or, if enacted, what the provisions will be. For instance, California may or may not be required to establish local workforce development boards and may or may not be required to use vouchers as a method for customers’ purchase of services.

The Planning Committee recommended that the SJTCC defer the development of a strategic plan until such time as the issues are resolved at the federal level. The SJTCC agreed and directed the Planning Committee to identify broad policy issues applicable to a statewide workforce preparation system and to establish principles which could be used to develop options and recommendations for resolving those issues. The Planning Committee produced a vision statement for the statewide system, a listing of the key policy issues surrounding that vision, and guiding principles for the development of options and recommendations. The policy issues were assigned to other committees for inclusion in their deliberations. The guiding principles are found in the Preamble to this report.

The Planning Committee identified three broad policy issues that are not specific to the work of the other committees’ work in governance, performance-based accountability, or private sector involvement. These issues are:

Findings and Recommendations

- What policies (options) should be developed to ensure that scarce resources are distributed and spent to achieve the optimum results for the State?
- What factors should be considered at the State and local levels to set service priorities?
- What policies need to be considered to ensure customer access and participation in the new system?

The Planning Committee produced a series of recommendations and principles in response to these three issues. These recommendations and principles are contained in the Appendix and will be applied in the strategic planning process once it begins.

Planning Policy Recommendations (summary)

Funding

- All federal and state funded programs and services available for workforce preparation should be considered an integral part of the California Workforce Preparation System. The agencies having jurisdiction over those funds should plan, coordinate, and deliver programs and services in a manner that supports the need of California for a highly-skilled, well-educated workforce.

Priorities

- The use of workforce preparation funds should be set at the local level.
- Priorities should support state and local goals for workforce preparation.
- Priority setting for state and local workforce preparation programs should be conducted through a collaborative process involving all customers and stakeholders.
- The State should provide appropriate technical assistance to local areas for developing programs and services responsive to State guidelines, goals and priorities.

Access

- The State should conduct statewide marketing activities to augment local campaigns in consultation with the local areas.
- The workforce preparation system should be customer-oriented, provide for individual choice, and strive for customer satisfaction.

Private Sector Involvement

“We recommend that the development and implementation of a new policy framework for a comprehensive and coherent workforce preparation system that is consistent with the new economy and that supports emerging clusters be made the #1 priority.”

—Collaborating to Compete in the New Economy, California Economic Strategy Panel

In preparing its *Response to Senate Bill 1417*, the SJTCC identified employers as a primary customer of workforce preparation programs. The SJTCC recognizes that for the workforce development system to be effective, programs operating within that system must support the State’s economic development and maintain public and private partnerships. To accomplish this goal, the SJTCC designated the Business and Labor (B&L) Committee to develop specific recommendations for the substantial involvement of the private sector (i.e. business and labor) in workforce preparation. To accomplish this mission, the B&L Committee established a closer working relationship with the Economic Strategy Panel and associations representing California business.

The role of the private sector in workforce preparation cannot be overstated. Employer involvement is essential because it is the private sector that will employ most of the graduates of programs provided through workforce preparation systems, and it is only those who will employ the graduates who can really define the kind of programs and program content that are needed. The critical workforce skills and competencies required for global competitiveness are best defined by a private sector that must achieve bottom-line profitability to remain viable. In the emerging high-performance workplace, labor is able to convey the best techniques and sequence for acquiring new skills, upgrading existing ones, and transferring existing skills to new occupations and workplaces. Most job openings occur in small business locations where employee flexibility is an everyday demand. Small business must be involved in workforce preparation to define the range of core flexible skills that future workers will need to possess.

The B&L Committee has developed a Strategic Outreach Plan that encourages private sector participation in the development, design and implementation of a workforce preparation system. This Strategic Outreach Plan establishes a process for expanding communication with the private sector, and consists of a series of outreach activities including:

In California, the private sector (including not-for-profit organizations) employ 84% of the workforce; the public sector (government, schools, and special districts) employ 16%.

Findings and Recommendations

- Conducting focus groups and making presentations.
- Writing articles for submission to local newspapers and magazines.
- Pursuing opportunities to participate in workshops, conferences, and roundtables occurring in their local areas.
- Conducting media interviews on workforce preparation issues.
- Issuing periodic reports on the progress made in developing, planning and implementing a new workforce system.

The primary message of the Strategic Outreach Plan will be a ‘call to action’ to the private sector. This message will be kept simple and be delivered by people or organizations the private sector trusts. The theme of the message will be that ‘the time for change is now.’

The full text of the Strategic Outreach Plan, as well as the recommendations of the Business and Labor Committee, are contained in the Appendix.

Recommendations for Private Sector Involvement in California’s Workforce Preparation System (summary)

- The Governor’s Office should continue to work in partnership with educational agencies and the Legislature in leading workforce preparation system reforms and in securing and retaining the participation of business and labor leaders in those efforts.
- Nonessential regulatory barriers that limit the effectiveness of workforce preparation programs, and the participation of the private sector, should be identified and removed.
- Periodic progress reports on the implementation of the new workforce preparation system should be provided to the business and labor communities, including private sector customer satisfaction.
- Build private sector participation by informing and engaging known business and labor leaders. Position those leaders to engage others.
- Statewide competency standards should be established, with the involvement of the private sector, for basic skills, including English language proficiency, and work readiness.
- The workforce preparation system should build an array of basic, technical and professional certificates which accurately reflect worker competencies. strategic transitional workforce preparation plan should serve as a master plan for a new workforce preparation system and should be consistent with the nine recommendations of the Economic Strategy Panel report.

Performance Based Accountability

“Outcome based accountability is the single most important mechanism for improving quality and efficiency in service delivery, but that higher level outcome cannot be achieved without concurrent emphasis on continuous improvement in the way all service delivery and support process are carried throughout the system.”

— National Governors Association

“Performance management systems should: incorporate the principles of continuous improvement for changing programs incrementally; focus on system-level performance in addition to the outcome of individual programs ... to achieve results...”

— Building State Workforce Development Systems Based on Policy Coordination and Quality Assurance, Baj, John et al.

SB 1417 called for the SJTCC to develop a performance-based accountability system. Additionally, under Senate Bill (SB) 645, the SJTCC became responsible for designing and implementing a system that can compile, maintain, and disseminate information on the performance of providers, programs, and the overall workforce preparation system. In response, the SJTCC formed the Special Committee on Performance-Based Accountability (PBA Committee) with the goal of producing a first set of SB 645 reports.

The PBA Committee will implement the SB 645 system in two phases over the next five years, beginning with the first reports in 1998, and then expanding the system incrementally to full implementation by 2001. Phase I covers the first set of reports. In the Phase I reports, the PBA Committee intends to use seven measures: employment level; earnings at follow-up periods; before, during, and after program earnings; length of employment retention; extent of entry into higher education; extent of change in status from tax receiver to tax payer; and level of employer satisfaction.

The PBA Committee identified four customers for the SB 645 reports as (1) oversight entities (e.g. Governor, Legislature, federal government), (2) state and local level workforce preparation agencies, (3) individuals interested in jobs and careers, and (4) employers. The PBA Committee intends to produce specialized reports for each customer.

For all the Phase I measures, except employer satisfaction, the PBA Committee plans to use existing databases to gather information on individuals' post-program experiences, such as those maintained for Unemployment Insurance and the Social Security Administration. Individuals' social security numbers will be matched against these databases to obtain information on their employment, earnings, and entry into higher education.

SB 645 contains a listing of most of California's employment and training programs. At least some participants in each of the programs listed in SB 645 will be included in the initial set of reports.

The complete Performance Based Accountability Implementation Plan is contained in the Appendix.

Recommendations for a State Workforce Preparation PBA System (summary)

Performance reports (aggregated for programs and providers) will be customized on specific measures for each of the system's customers:

- The Governor, the Legislature and State and Federal agencies
- State and local workforce preparation agencies and service delivery providers
- Students, trainees and job seekers
- Employers

Phase I Measures

- Employment rate
- Earnings before, during, and after program participation
- Earnings at follow-up periods
- Length of employment retention
- Rate of entry into public, post-secondary education
- Rate of change in status from tax receiver to tax payer
- Employer satisfaction

Governance Structure

“Employers and Workers must be involved in governance at all levels of the system and in defining the outcomes to be achieved by the system.”
— *Advancing America’s Workforce*, National Association of State Workforce Investment Policy Council Chairs, 1995

Under the perception that the current employment and training governance structure is complex and fragmented, with numerous advisory and decision-making bodies and with authority spread among various entities, SB 1417 called for the SJTCC to recommend a new, simplified, and integrated governance structure for California’s workforce preparation system. The SJTCC designated the Governance Committee to solicit input and provide recommendations for a new governance structure.

In developing these recommendations, the Governance Committee recognized that California’s workforce preparation system governance structure must conform to federal legislation. Therefore, the Governance Committee closely monitored the proposed federal legislation and, where possible, accounted for anticipated federal policies in its recommendations. In accordance with the commitment in its *Response to Senate Bill 1417*, the SJTCC forwarded formal governance structure recommendations to the Governor in April 1996.

New State Council

The Governance Committee recommended that a new workforce preparation governance body be created and called the California Workforce Preparation Council (Council). As one of the first priorities, this Council would recommend to the Governor a plan for the consolidation of current workforce preparation advisory bodies having similar functions as this new group.

Structure

The Council would be accountable and report directly to the Governor, should be independent of any State agency, and will have its own staff. The Chair of the Council would be appointed by the Governor. The Council would act as the Governor’s advisory body for the collaborative process called for in federal workforce development block grant legislation.

Findings and Recommendations

“We need new business-government governance mechanisms for an agile, fast moving economy and society — Collaborating to Compete in the New Economy, California Economic Strategy Panel

The Council will make policy recommendations to the Governor, the Legislature, the Superintendent of Public Instruction, the Chancellor of the Community Colleges, and related boards regarding workforce preparation issues. The Council would forward recommendations for the workforce preparation system to the Governor, who would approve or disapprove those over which he has direct administrative control. The Governor would forward all other recommendations to the appropriate State workforce preparation entities.

Composition

The Council should have a maximum of 30 members, the majority of whom must come from the private sector, and all of whom must have demonstrated knowledge and experience with workforce preparation issues. Members would be appointed by the Governor, who will use constituent recommendations where appropriate.

The Council membership should include representatives from four groupings: the private sector, state government, education, and local areas. Members should be from the executive levels of their organizations, must be able to secure input from and communicate with their constituents and advisory groups, and must be actively committed to serving on the Council. Composition of the Council would be modified in the future to meet the requires of federal block grant legislation, if it becomes law.

Collaboration

Under federal workforce development block grant legislation, California would be required to develop its workforce preparation system through a collaborative process that includes a wide range of stakeholders and customers. One role of the Council would be to facilitate and engage in that process on behalf of the Governor.

The Council would be responsible for advising the Governor in all areas critical to workforce preparation. Additionally, the Council would be responsible for a variety of tasks associated with implementing and supporting the workforce preparation system.

Findings and Recommendations

Services

The core programs which would be included in California's workforce preparation system are those which will be identified by federal workforce development block grant legislation. The pending legislation eliminates and consolidates many current federal employment and training programs. If that legislation is enacted,

- at a minimum, five specific federal program areas are expected to be included: Postsecondary Vocational/Technical programs
- Adult Education programs
- Vocational Education - Secondary School programs
- Wagner-Peyser Act programs
- Job Training Partnership Act programs

Other programs may be included in California's workforce preparation system as determined by the Governor and Legislature or as necessary under the definition of the federal collaborative process under federal workforce development block grants. The complete, detailed Governance report is located in the Appendix.

Governance Recommendations for a Workforce Preparation Council (summary)

Composition:

- Private Sector Majority (50% plus one of the membership)
 - Business Associations.
 - Industry Cluster representatives.
 - Labor.
- State Government (one third of remaining membership)
 - Economic development organizations.
 - State officials representing workforce preparation agencies.
 - State Assembly and State Senate.
- Education (one-third remaining membership to be selected from)
 - K-12 agencies.
 - Community colleges.
 - University systems.
 - Independent institutions of higher education.
- Local area (one-third of remaining membership to be selected from)
 - Local elected officials from City and County and/or educational board representatives.
 - Local service providers, including private proprietary schools.
 - Local economic development agencies.

Findings and Recommendations

Role and Responsibilities:

California's Workforce Preparation Council will facilitate and serve as the Governor's advisory body for the development, implementation, and maintenance of the workforce preparation system:

- Coordinate and streamline the workforce preparation system.
- Integrate federal and state workforce preparation programs.
- Develop measures for the system, including development of common definitions and a shared data system.
- Link workforce preparation with the economic development strategy for the State.
- Consolidate current workforce preparation advisory bodies with similar functions*.
- Advise the Governor on federal workforce development block grants.
- Facilitate the federal collaborative process on behalf of the Governor.
- Forward recommendations resulting from the collaborative process to the Governor.

*in part, listed in proposed federal workforce development block grant legislation.

Service delivery is an important component of California's new workforce preparation system. New mechanisms that deliver services in a cohesive and efficient manner are necessary. Delivery of California workforce preparation services has been addressed in the *One-Stop Vision* and in the *School-to-Career State Plan*. While these two systems are somewhat independent and not yet reconciled, they represent the efforts which are currently underway in the State.

> *California's One-Stop*

SB 1417 required the SJTCC "to make recommendations to create an integrated employment and training system in California, including, but not limited to, recommendations on coordinated planning, eligibility criteria, service delivery, and advisory bodies". In response, the SJTCC made several specific recommendations related to service delivery at the local level and the One-Stop Career Center System. The *Response to Senate Bill 1417* report recommended that:

- The One Stop Career Center System Task Force should design a shared information system in cooperation with the SJTCC.
- Until the One-Stop Career Center System implementation plan is published, the SJTCC should defer action on local service delivery methods, such as "no wrong door," electronic linkage, and collocation.

As planning for One-Stop implementation has taken place, the pending federal workforce development block grant legislation was considered to ensure that system design and implementation would be consistent with its provisions. In some instances, most notably determining the local governance structure for the system, decisions have been delayed until action is finalized on that block grant legislation.

The One-Stop System is a mechanism through which customer-focused, collaborative systems of employment, training, and education programs and services will be delivered. One-Stop proposes redesigning how education, employment, and training partners currently do business. The system builds on and strengthens the many successful program linkages and partnerships that already exist.

California's One-Stop Vision Career Center, a report developed by an SJTCC Task Force, provides recommendations for the One-Stop system design. This report discusses: an electronic information infrastructure; core services available through One-Stop Centers; accessibility, integration strategies, performance measures, and local governance.

The SJTCC accepted the One-Stop Task Force recommendation that the Governor, through a collaborative process with locals, establish local One-Stop areas and create criteria for appointments to local one-stop boards, the majority of which would be private sector. These principles are set as guidelines for local One-Stop implementation; however, no action will be taken until federal block grants are implemented.

> *School-to-Career*

The State Job Training Coordinating Council's *Response to Senate Bill 1417* provides recommendations on how to improve the workforce preparation system in California. A component of California's workforce preparation system, the School-to-Career effort, addresses many similar issues, including performance standards, information systems, coordination among programs, and governance.

The federal School to Work Opportunities Act (1994) places major responsibility on state governments for developing systems of school-to-work, or as it is called in California, school-to-career transition. California received a development grant from the federal government that put into place a number of actions resulting in the California School-to-Career State Plan. The plan integrates school-based and work-based learning to increase the rigor and relevance of California's educational system.

To help manage the development of the plan, an interagency partnership was created among the California Department of Education, the Chancellor's Office of the California Community Colleges, and (representing the Governor) the Employment Development Department. In late June 1994, the Governor appointed a 27-member School-to-Career Task Force, in cooperation with the State Job Training Coordinating Council, with the charge to develop a School-to-Career State Plan.

The Plan recommends that the current array of education and training programs should move toward a coherent system based on public-private cooperation. All students should have the opportunity to learn necessary academic and workplace skills required by business. New world-class education standards must be developed that are uniformly high and comparable to the best standards of other industrialized nations, and that measure performance using reliable, objective, competency-based examinations. A strong School-to-Career system should be a basic component in a seamless system of lifelong education and employment for all Californians.

The Plan also recommends that local partnerships become an important component of the new system for School-to-Career transition. The State should develop policies regarding incentives for business and labor participation early in the implementation of the School-to-Career system in California.

Service Delivery

California recognizes the need for increased access to information to support its School-to-Career system. The development of the statewide School-to-Career system will be facilitated by the nation's most comprehensive and accessible Labor Market Information (LMI) system. California's LMI system serves many programs and agencies; it will become an important connection between schools, job training providers, economic development agencies, students, job seekers, and prospective employers.

California's Interagency Partnership is aggressively implementing the policies and principles outlined in the State Plan. Statewide implementation of School-to-Career for all students and curricula is projected to be complete no later than 2002.

* * *

The SJTCC and its committees have devoted months of research and public discussion to building a policy framework around which an integrated workforce preparation system for California can be designed. However, a great deal of work remains to be done.

The Appendices to this paper contain detailed information about the progress of the various SJTCC committees. These specific recommendations and principles, though they cover a broad range of philosophical and technical issues, do not answer all of the questions or resolve all of the problems associated with developing California's workforce preparation system. This is due mainly to the uncertainty of federal workforce development block grant legislation. The SJTCC, however, continues its commitment to fulfilling the responsibilities it accepted more than a year ago and, as such, has identified a variety of steps necessary to advance this process. The next steps are categorized by subject area, and no priority is given to the order.

> *Planning*

- Upon passage of federal workforce preparation legislation, the SJTCC will propose an initial strategic plan for the Governor and the Legislature to consider when developing legislation, which may include policy options and recommendations regarding (a) funding; (b) priorities; and (c) access.
- Should the federal workforce development block grant legislation not be enacted, the SJTCC will propose a strategic plan for implementing a coherent and coordinated California workforce preparation system that, where appropriate, builds upon the existing public investment in the workforce preparation system and recognizes existing statutory authority of other governing bodies.
- Federal legislation notwithstanding, the SJTCC will propose policy options and recommendations designed to promote consistency among the prevailing state initiatives: School-to-Career, One-Stop Career Center System, Welfare-to-Work, and others.

> *Private Sector Involvement*

- The SJTCC will continue to focus on workplace skill competencies and skill development programs, as identified by the private sector. Communication opportunities will be increased to include workforce preparation program providers, to ensure that the dialogue between the providers and the customers is enhanced.
- The SJTCC will continue to seize opportunities to encourage and promote private sector involvement in workforce preparation system decisions. The SJTCC will continue to strive to bring the private sector into that decision-making role with a true partnership between public and private sectors in designing, implementing, and funding the workforce preparation system.

> *Performance Based Accountability*

During the next few months, the SJTCC, through its expanded Special Committee on Performance Based Accountability, will focus on implementing a SB 645 PBA system for California's Workforce Preparation system. The next steps will focus on:

- Defining the scope of work business procurement requirements for the development and issuance of a Request for Proposal (RFP).
- Seeking agreement from workforce preparation partners on common definitions and decisions on a standardized database for the reporting system.
- Identifying and resolving barriers for implementing the SB 645 report system, and if necessary seek legislative and/or waiver resolution.
- Selecting a contractor, obtaining agreement on a standardized report design, establishing first-year operating budget, including cost-sharing agreements, and begin implementing the reporting system.
- Publishing first set of report cards, evaluating, adjusting as necessary, and proceeding with development of second phase for incorporation in future reports.

> *Governance*

- Monitor and review emerging State and federal workforce preparation legislation and recommend the modification of workforce preparation policy accordingly.
- Recommend revision of existing State law where it is necessary to consolidate programs or existing councils.
- Review the constraints of existing federal law if federal workforce development block grant legislation is not enacted. The SJTCC would make recommendations in a number of areas including suggested modifications in federal legislation, federal waivers which California should pursue, and ways to proceed in meeting the necessary reforms of the workforce preparation system within the parameters of existing federal law.
- Explore the remaining local governance issues. Many of these issues, such as fiscal responsibility, planning, oversight, designation of local elected officials, and the composition of the local bodies have already been explored in *California's One-Stop Career Center Vision*. Options for local governance will be contingent on the requirements of federal law. .

* * *

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List of Acronyms

<i>ACRONYM</i>	<i>REFERENCE</i>
B&L	Business and Labor Committee
CDE	California Department of Education
CRS	Consumer Reports System
ETP	Employment Training Panel
FSR	Feasibility Study Report
IWG	Interdepartmental Work Group
JOBS	Job Opportunity and Basic Skills Act
JTPA	Job Training Partnership Act
LEO	Local Elected Official
LWPB	Local Workforce Preparation Boards
PBA	Performance Based Accountability
RFP	Request for Proposal
SB	Senate Bill
SJTCC	State Job Training Coordinating Council
SSN	Social Security Number
TWT	Technical Work Teams

* * *

> **COORDINATION AND PLANNING**

In its Response to Senate Bill 1417, the Council concluded:

The various programs in the current workforce preparation system in California are not effectively coordinated with one another. The federal government created most of these programs to address specific needs at particular times and never intended to create an integrated system....Such a system is confusing for both customers and service providers. Consequently, because providers rarely understand the entire system, customers have no reliable source of complete and accurate information about the services available to them.

The need to coordinate and, where possible, integrate the resources of the various programs operating within the current system is universally recognized. Therefore, the SJTCC, through its Planning Committee, considered policy options and recommendations addressing the funding, priorities, and access applicable to a statewide workforce preparation system.

PROPOSED POLICY OPTIONS AND RECOMMENDATIONS FOR THE CALIFORNIA WORKFORCE PREPARATION SYSTEM

Funding: *What policies (options) should be developed to ensure that scarce resources are distributed and spent to achieve the optimum results for the State?*

1. All federal and state funded programs and services affecting workforce preparation should be considered an integral part of the California Workforce Preparation System. The use of such funds should be planned, coordinated, and delivered in a manner that supports the need of California for a highly-skilled, well-educated workforce. This policy option is not intended to supersede or negate the authority of any State official, agency, or entity over programs under that official's, agency's or entity's jurisdiction. This policy option is intended to promote the coordination and delivery of programs and services in support of common goals and objectives beneficial to the State's economy.
2. Maximum workforce preparation program funds should be distributed to the local area. A reserve of funds should be retained at the state level to respond to local crises, such as disasters, an unanticipated dislocation of workers in any one area, or an industry-wide dislocation of workers affecting multiple geographic areas. Additional funds should be retained at the state level to conduct mandated state

administrative functions, to provide services determined best delivered at the state level, to conduct state initiatives, to provide technical assistance and training to local workforce preparation areas, and to promote research and demonstration projects.

3. Workforce preparation funds allocated to a local area that meets minimum fiscal and performance standards established by the State should contain no additional state mandates other than those imposed by federal and state law. The State should develop objective performance standards, and provide for sanctions and incentives to encourage performance which meet these standards.
4. Funds placed under the jurisdiction of local workforce preparation areas should flow from the State to the designated chief local elected officials (LEO) assigned financial liability and then to the governance bodies of the workforce preparation areas (Local Workforce Preparation Boards - LWPB). All such funds should pass from the LEO direct to the LWPB except for reasonable fees required to meet audit and liability responsibilities. The LWPB may choose to provide additional funding to the LEO for local government's assistance in developing collaborative partnership and cost sharing with other programs and agencies. This policy option is not intended to alter the flow of workforce education funds from state education agencies to primary and secondary school districts and community college districts.
5. Workforce preparation funds retained at the State level for State initiatives should not be expended locally without the collaborative involvement of the local workforce area governance body regarding the programs to be operated and the services to be delivered within its jurisdiction.

Priorities: *What factors should be considered at the State and local levels to set service priorities?*

6. Priorities for the use of workforce preparation funds should be set at the local level within broad statewide guidelines, goals, and priorities established by the State.
7. Priorities established for state and local workforce preparation programs and services should:
 - (a) support the basic principle that workforce preparation programs are intrinsically linked with economic development;
 - (b) seek balance between the immediate and long-range needs of customers;
 - (c) address the combined needs of current, future, and transitional workers;
 - (d) address the combined needs of current and emerging industries; and,
 - (e) address the unique needs of, and provide for service delivery to, local communities and regional areas regardless of size or demography.

8. Priority setting for state and local workforce preparation programs should be conducted through a collaborative process involving customers (employers and clients), stakeholders, service providers, economic developers, public interest groups, and the general public.
9. The State should provide to local areas appropriate technical assistance for developing programs and services responsive to State guidelines, goals, and priorities. In addition, the State should provide technical assistance and training to local areas failing, or at risk of failing, to meet minimum performance standards.

Access: What policies need to be considered to ensure customer access and participation in the new system?

10. The State should conduct statewide marketing activities as augmentation to local campaigns. State activities should be designed in consultation with the local area, and should be complementary to the local effort. The integrated state and local marketing effort should be measured for effectiveness.
11. The workforce preparation system should be customer-oriented, provide for individual choice, strive for customer satisfaction, and provide:
 - (a) Initial access points that emphasize self-service. Staff assistance should be readily available for customers who are unable or lack understanding to utilize any self-help features of the workforce preparation system;
 - (b) Individuals participating in or preparing for participation in the labor force with access to the core services available. Alternative access provisions should be established to ensure persons with literacy, language, and/or cultural barriers can access and utilize the core services; and
 - (c) Employers, including those with multiple work sites, with a single point of contact for accessing job placement services, employee-upgrade retraining services, and services for workers at risk of dislocation.

* * *

> ***PRIVATE SECTOR INVOLVEMENT***

In the SJTCC's Response to Senate Bill 1417, the Council recommended it "Develop specific recommendations for substantial involvement of the private sector in workforce preparation. This would include a closer relationship with the Economic Strategy Panel, and close cooperation with groups representing California business." This was based on the premise that a new workforce preparation system should be customer-driven and that business and labor, as well as clients, were primary customers of the system.

Process

The Council has proceeded to address a wide range of issues related to involving the private sector in a workforce preparation system. The Council initially decided to determine what the business and labor communities wanted from such a workforce preparation system and to learn what would be needed to obtain and sustain the involvement of business and labor.

In this endeavor, a series of seven focus group meetings were conducted which involved 72 small and large business leaders, and 19 labor leaders. In addition, the Council sought the advice of such organizations as the California Manufacturers Association, National Alliance of Business, California Chamber of Commerce, the California Small Business Network, and the California Labor Federation AFL-CIO California Workers Assistance Program. Business and labor often shared the same concerns about the present state of workforce preparation. For example, both business and labor acknowledged a need for greater private sector participation in leading reformation of the current workforce preparation system. In the course of gaining input from the private sector, discussions included governance and performance-based accountability issues. The Council has incorporated their primary concerns in its outreach plan which will be discussed later in this chapter.

The ensuing discussion will focus on recommendations for involving the private sector in the workforce preparation system, and a plan for implementing some of the recommendations. The fundamental principles the Council learned from private sector leaders over the past seven months are embodied in the recommendations and in the plan. The plan presented is referred to as the Council's Strategic Outreach Plan.

The recommendations are twofold, they serve to:

- Give guidance to the development of a workforce preparation system.
- Direct future activities of the Council related to involving the private sector in reforming workforce preparation.

The recommendations are shown in a table format with the issue related to private sector involvement on the left and the recommendation on the right. No priority is implied by the order of the recommendations. Where recommendation are related to the Council's Strategic Outreach Plan, the section of the plan is shown in brackets.

Following the recommendations is the Council's Strategic Outreach Plan. This plan describes the Council's charge, plan development, and in general terms, the necessary activities to accomplish the recommendations related to involving the private sector in a workforce preparation system. As implementation proceeds, tasks will be assigned to each activity. In addition, a schedule showing estimated completion dates for all tasks and activities will be developed to mark progress and indicate when mileposts are reached.

The Council recognizes that the private sector must play a vital role in reforming the state's workforce preparation system. Recommendations contained in this chapter, along with the Outreach Plan, represent an initial effort by the Council to address this issue. In the long term, efforts to attract and involve the private sector must be sustained over time and must become an integral part of the new workforce preparation system.

Recommendations Involving the Private Sector in Workforce Preparation

Issues Related to Business and Labor Involvement	Recommendation
The Governor is in a unique position to persuade the public, business and labor, and a range of education stakeholders that implementation of a coordinated plan to elevate the work-readiness of California's workforce is in everyone's best interest.	The Governor's Office should work in partnership with educational agencies and the Legislature in leading workforce preparation system reforms and in securing and retaining the participation of business and labor leaders in those efforts.

Issues Related to Business and Labor Involvement	Recommendation
<p>The complexity of government programs often inhibits employer involvement.</p>	<p>Nonessential regulatory barriers that limit the effectiveness of workforce preparation programs, and the participation of the private sector, should be identified and removed. In addition, paperwork must be minimized, the system must be simplified, and “red-tape” eliminated where possible.</p>
<p>A new workforce preparation system and economic development policies are interrelated to California’s economic viability.</p>	<p>A strategic transitional workforce preparation plan should serve as a master plan for a new workforce preparation system and should be consistent with the nine recommendations of the Economic Strategy Panel report.</p>
<p>Linking workforce preparation to economic development is fundamental to our future economic stability.</p>	<p>Workforce preparation and progressive public policy are important economic development tools. Programs, services and policies should support economic growth.</p>
<p>For business and labor leaders to become and remain engaged, they must recognize that their time and effort is making a substantive difference.</p>	<p>Periodic progress reports on the implementation of the new workforce preparation system should be provided to the business and labor communities. In addition, private sector customer satisfaction should be measured and reported on a regular basis.</p>

Issues Related to Business and Labor Involvement	Recommendation
<p>Intermediary organizations, such as chambers of commerce, central labor councils, economic development agencies, education and professional associations, and service organizations need to become key partners in involving business and labor leaders in workforce preparation.</p>	<p>Continue development and implementation of the Council's Strategic Outreach Plan.</p>
<p>Outreach to the business and labor communities is necessary to secure their participation.</p>	<p>Build participation by informing and engaging known business and labor leaders. Position those leaders to engage others.</p>
<p>The business and labor communities need to know how to become involved in workforce preparation issues.</p>	<p>All State level workforce preparation organizations should provide uniform information on how the private sector can become involved in a workforce preparation system.</p>
<p>Employers need to have confidence in the skills, knowledge, and abilities of workforce system graduates.</p>	<p>Statewide competency standards should be established, with the involvement of the private sector, for basic skills, including English language proficiency, and work readiness. The workforce preparation system should build an array of basic, technical and professional certificates which accurately reflect worker competencies.</p>

> *Strategic Outreach Plan*

I. The State Job Training Coordinating Council is committed to providing outreach to business and labor communities. The Vision of the Business and Labor Committee of the SJTCC is to have California employer and labor communities well-informed about, involved in and supportive of, California's workforce preparation system. Customers must feel confident about their ability to access the system and the skills of the workers emerging from the system. The Council will continue efforts to improve the connection between economic development and workforce preparation. The Council will provide marketing and outreach to the private sector, which includes both the business and labor communities, to increase their participation in the development and use of all aspects of the workforce preparation system. To accomplish these goals, the Council has developed this strategic outreach plan.

II. In developing the strategic outreach plan, the Council considered the changes occurring at both state and federal levels. As part of its research for the development of a strategic outreach plan, the Council conducted seven focus groups with business and labor representatives throughout the state. The Council also invited representatives from both small and large businesses and labor to discuss workforce preparation issues in formal roundtable discussions during Council meetings. Council staff also provided resource material from other states, National Alliance of Business (NAB), National Governors' Association (NGA) and other sources to Council members. The strategic outreach plan includes the ideas and perspectives of the customer. As with any strategic plan, the plan is flexible. It provides the Council with a discussion document from which priorities will be identified and from which recommendations will be made to the Legislature and the Governor.

III. The goal of the strategic outreach plan is to provide specific steps for SJTCC members to take in providing information to constituents in their local areas. It will help develop recognized avenues for the private sector to use to help shape the state workforce preparation system. It is designed to ensure that a consistent message is being delivered to the private sector. The ultimate goal is to involve the private sector in a leadership role in the design and implementation of the new workforce preparation system.

IV. The Council agreed with the research and testimony that identified multiple problems in the current workforce preparation system. Common problems identified include the fact that many job training programs are not well matched to available jobs, training does not consistently provide the skills needed to compete in today's job market and the system is not providing job seekers with basic skills in English, math, work ethics and communication.

The Council believes that one element of the solution to these problems is private sector leadership. The SJTCC has defined the private sector, including both business and labor communities, as a primary customer of the workforce development system. To truly lead the system, the private sector must be an active partner in decision making. To actively involve the private sector, private sector personnel must believe that their actions will result in the resolution of the problem.

According to the Council's research, the goals of a newly-designed workforce preparation system must be customer focused, and offer services rather than programs. The private sector agrees that responsibility and authority must be equally shared between the public and private sectors. The system must offer access to information that is both accurate and timely. Representatives from the private sector have stated they want a system that will reward success, and discourage failure. They believe that funding should be discontinued if the users of the system are not satisfied with the product.

V. The first objective of the Strategic Outreach Plan is to establish a process for expanding communication with the private sector. The process will include such activities as conducting focus groups and making presentations. Articles written by Council members will be submitted to local newspapers and magazines. Council members need to actively pursue opportunities to participate in workshops, conferences, and roundtables occurring in their local area. They will be available for media interviews on workforce preparation issues. The Council will establish a business and labor newsletter which updates the private sector on current issues regarding workforce preparation. To help accomplish this objective, the Council is organizing an advisory group of private sector representatives to act as a sounding board and/or a review body to determine if the message is being delivered accurately and in a manner the private sector will understand.

The second objective of the Strategic Outreach Plan is to continue on-going communication with the constituents of Council members. All council members will be advocates for the private sector.

VI. The elements of the message will include a call to action to the private sector. For any change to occur in the workforce preparation system, the private sector must be willing to define the product they want and be willing to take the lead to make sure the product is delivered. The message must be kept simple and be delivered by people or organizations the private sector trusts, e.g. NAB, California Federation of Labor, California Manufacturers' Association (CMA), CAL-ED, central labor councils, chambers of commerce, local business people, and labor union representatives. The theme that runs through the message should be that the time for change is now. Pending legislation provides a small window of opportunity to make a significant difference in the design of a workforce preparation system. The private sector must be willing to assume the leadership role in governing the system. Individual responsibility of both employers and workers is as important as their collective responsibility to the community.

VII. The measures used to evaluate the outreach efforts will include tabulating the number of media articles published or TV spots aired; the number of requests for presentations; and the number of requests for repeat presentations. Also, the number of new and fresh ideas learned from the focus groups and association meetings should be tabulated. A telephone survey before the local outreach effort is initiated can establish benchmarks. Upon the completion of the outreach pilot, a second survey should be done to determine if employer awareness regarding workforce preparation issues has been raised.

The Council will continually evaluate the strategic outreach plan to make sure it is meeting the Council's objectives. Operational details of the plan will also be reviewed, and the message will be updated on a regular basis. The plan is designed to be flexible to allow for adaptation where and when necessary.

>Performance Based Accountability Implementation Plan

The State Job Training Coordinating Council (SJTCC) through its Special Committee for Performance Based Accountability has prepared this plan pursuant to two laws, Senate Bill (SB) 1417 and SB 645.

In 1994, the Legislature passed SB 1417, which required the SJTCC to make recommendations on how to improve the workforce preparation system in California. The SJTCC believes that, if employers and workers are to succeed in today's economic environment, they need the support of an adaptable and coordinated workforce preparation system. Therefore, in the *Response to Senate Bill 1417*, the SJTCC recommended, among other things, that it develop a performance-based accountability system to be implemented by January 2001.

On January 1, 1996, SB 645 became law. The primary intent of the bill is to develop a tool to assess the accomplishments and measure the effectiveness of California's workforce preparation system. SB 645 requires the SJTCC to establish a "subcommittee...responsible for designing and implementing, or contracting with an operating entity for the implementation of, a system that can compile, maintain, and disseminate information on the performance of providers, programs, and the overall workforce preparation system."

In addition to the two State laws, the SJTCC is cognizant of two legislative proposals before the United States Congress. The two bills, HR 1617 (McKeon/Goodling) and a Senate amendment sponsored by Senator Kassebaum, seek to rationalize the federal workforce preparation system. Both bills have extensive accountability provisions that would require many of the same features specified, or proposed, in SB 645.

The SJTCC gave the responsibility for implementing performance-based accountability (PBA) in California's workforce preparation system to a committee expressly formed for that purpose in 1995. The Special Committee on Performance Based Accountability has set about implementing SB 645 as its primary goal. To aid in this undertaking, the Committee formed two groups composed of representatives from State-level workforce preparation agencies. The Interdepartmental Work Group advises the Committee on policy issues, and the Technical Work Team advises the Committee on technical issues.

Actions Taken To Date

SB 645 specifies that the membership of the "subcommittee" be comprised of three private sector members of the SJTCC, the director of the department (Employment Development Department), the Superintendent of Public Instruction, the Chancellor of the California Community Colleges, or their designees, and representatives of programs that are to be measured under the report card program. In January 1996, the SJTCC

modified the membership of the PBA Committee to conform with SB 645 and renamed it the Special Committee on Performance-Based Accountability (PBA), hereafter referred to as the Committee.

Also at its January 1996 meeting, the Committee agreed to meet monthly during the first six months of 1996 and adopted a work plan with the specific purpose of producing this PBA Implementation Plan by June 30, 1996. This work plan also called for the Committee's participation in five public meetings held jointly with the SJTCC's Governance Committee during January and February 1996. At these meetings, Committee members heard public comment on a set of measures, designated as Phase I measures, that the Committee proposed for inclusion in the first set of SB 645 report cards.

The work plan further specified that a draft of this PBA Implementation Plan would be made available to various experts around the country for their comments before the final plan went to the SJTCC for adoption.

Report Card Customers

SB 645 states that the SJTCC (through the Committee) will develop a series of report cards on all of California's education, employment and job training providers, local and state workforce development programs, and the workforce development system as a whole. The primary intent of the bill is to develop a tool to assess the accomplishments and measure the effectiveness of California's workforce preparation system. However, SB 645 does not specify exactly who the customers are for these report cards. The SJTCC believes that there are four groups of customers for the SB 645 report cards:

- State and federal funding and oversight agencies such as the Governor, the Legislature, and the federal Departments of Labor and Education;
- State and local-level agencies that provide workforce preparation services and service delivery system operators such as the California Community Colleges, operators of other state and federally-funded programs, and One-Stop Career Center operators;
- individuals interested in jobs and careers; and
- employers interested in selecting training providers for their employees; employers interested in hiring training providers' graduates, and employers desiring to have an influence on the quality of workforce preparation programs.

The Committee, or its operating entity, will assemble performance data and produce unique report cards to meet the particular needs of each of the four customer groups. For example, to meet the needs of those interested in policy issues, the Committee will obtain basic information on how participants in the various workforce preparation programs have fared in the labor market. The Committee will then aggregate this data and provide the Governor and interested employers with information on how all of those who have received some workforce preparation services in California have fared in the workplace. The Committee could include in this analysis information that is disaggregated by gender or ethnic group or any number of other special populations in which the Governor or the Legislature has a policy interest.

In a similar fashion, the Committee will take the same basic data and produce a different set of reports for the State's workforce preparation system operators. For example, the Committee could produce aggregated information for the Regional Occupational Programs/Centers (ROP/C), and this data could also be reported by special populations broken out by each ROP/C in the state. This set of report cards will aid the State-level program operators and policy makers, such as the Superintendent of Public Instruction and the Board of Education, to identify outstanding training activities and replicate them throughout the state.

Still using the same individual participant data, the Committee will produce another set of report cards for the use of local program operators and oversight agencies. These reports will be similar to those produced for State-level use but would be broken out by region, local program, and individual service provider. For example, each JTPA Private Industry Council (PIC) could receive information on labor market outcomes for their former participants further disaggregated by the individual service providers that each service delivery area employs. These report cards may even be further broken out by the different services offered by individual service providers. So each PIC would have objective data to evaluate each of their service providers and each of the services they provide. This information would be most helpful to service delivery area administrators during contract negotiations with potential contractors.

The last two groups of customers for SB 645 report cards are the individuals making decisions about their careers and employers selecting service providers. The One-Stop Career Center initiative is building a consumer reports system (CRS) to provide One-Stop customers, both individuals and employers, with information on training options. The CRS will include general information about courses of study, such as where they are offered, when, and how much they cost as well as performance data on these courses that is derived from information supplied by the SB 645 system. The SB 645 system will supply the CRS with outcome data keyed on individual courses of study offered by community colleges, ROP/Cs, community-based organizations, private for-profit schools, etc.

Although it would be ideal to have training course performance data for all former participants in those courses, initially only individuals funded through one of the programs included in the SB 645 system will be included. Individuals and employers would find training course performance data useful in choosing among training options, especially if vouchers are introduced as may happen under proposed federal legislation. An individual in a JTPA program, for example, who has decided to pursue a career in graphic arts, could compare course offerings at the local community college, the local ROP/C, or the local private school on the basis of how previous publicly-funded students in these courses have fared in the workplace.

The One-Stop Career Center initiative, under the auspices of the SJTCC, is taking the first step in implementing the CRS by having a pilot operating in at least one location in California by December 1996. One-Stop staff plan to use existing descriptive training course data; but, because the SB 645 system will not be in operation until after December 1996, One-Stop staff will follow the SB 645 matching process (discussed in section, Methodology for Matching and Compiling Data) in order to produce performance data on training courses offered at the pilot site.

Measures

The Committee on PBA determined how to measure the performance of the workforce preparation system by first identifying the goals of the workforce preparation system, i.e. why the system exists. The Committee placed the goals into four categories: positive transition, attainment of needed knowledge and skills, and benefits to society and to employers (see Display 1). The Committee then selected one or more measures for each of the goals. A measure is meant to help assess the extent to which a goal has been achieved. For example, if the goal is to move individuals into the workforce, then a measure of how many become employed is appropriate. Similarly, if the goal is to teach an occupational skill, measuring individuals' levels of skill attainment will indicate how well that goal was achieved.

After the Committee selected measures, it then divided them into two groups, Phase I and Phase II. Phase I are those the Committee believes can be incorporated into the first set of report cards. Phase II measures are those which the Committee will consider for implementation in subsequent report cards.

This plan is focused on Phase I measures. However, over the course of the next two years, the Committee will begin work on implementing Phase II measures. Most Phase II measures fall under the category of the attainment of needed knowledge and skills. Before the SB 645 system can measure these competencies, such as basic academic, workplace, or occupational skill attainment, workforce preparation programs throughout the state may need to adopt a consistent set of assessment tools. Without such tools, there could

be little comparability among programs. The adoption of standard assessment tools represents a major challenge to the Committee and the State as a whole and could take years to achieve.

Methodology for Matching and Compiling Data

Phase I measures can be classified according to how the data for each can be obtained. The Committee finds that measurements of employment and earnings levels should be made by starting with data on individuals who have enrolled or who have previously participated in workforce preparation programs and then matching them with data maintained in pre-existing databases, such as those for the Unemployment Insurance system and the Social Security Administration. Display 2 shows the databases currently used in the Florida Education and Training Placement Information Program (FETPIP) system and the corresponding databases available in California. The operating entity will match against as many of these, and other sources, as possible for the first SB 645 report cards.

Similarly, such an approach should be used to measure the extent to which individuals have changed their status from tax receiver to tax payer by determining how many individuals on welfare obtain employment. Measures of entry into higher education should be achieved by matching data on individuals with enrollment data maintained by the community colleges and the State-operated universities. Finally, measuring employer satisfaction requires that employers be surveyed.

Florida has pioneered the matching methodology needed to support measures of employment, earnings, and entry into higher education. The Chancellor's Office of the California Community Colleges (COCCC) has used the FETPIP system as a model for a student follow-up system of its own. Beginning with a pilot project in 1992-93, the COCCC has developed a student follow-up system that currently tracks the post-college job placement rates and earnings for over 700,000 leavers from all 106 of the state's community colleges. What follows is based on the FETPIP and community colleges experiences.

The Committee on PBA believes that the following steps should be taken to achieve the Phase I measures relating to employment, earnings, entry into higher education, and change in status from tax receiver to tax payer:

- Workforce preparation agencies (such as JTPA and community colleges) supply data on individuals who have exited their programs over a specific period.
- Provided that the individual data is keyed on their social security numbers (SSN), agencies may supply their data just as they maintain it (software, data elements, format, and medium).

- The Committee or its operating entity will be responsible for taking the data supplied by the agencies and creating a standardized database based on common definitions previously agreed upon.
- The individuals' SSNs are then matched against existing databases (such as Unemployment Insurance data) to obtain additional data about post-training experiences of the individuals.
- After matching, the Committee or its operating entity will compile and summarize the resulting data and issue reports based on Phase I measures and other factors (such as ethnic categories and gender) for the various customers of the SB 645 system.
- In reporting on earnings measures, the Committee or its operating entity will use multiple reference points, such as appropriate minimum wage and poverty levels, to provide context.
- The Committee will build a collaborative contextual framework into the SB 645 report cards, which the Committee will review annually.
- Initially, the SB 645 system will follow the yearly cycle shown on Display 3.

The necessary input data on most of the participants in the workforce preparation system is currently available. Display 4 shows the data elements that California workforce preparation agencies maintain on their participants. Note that, with the exception of some of the ROP/C and Adult Education clients, SSNs are available for all of the clients on Display 4. However, few of the agencies maintain all of the data necessary for all of the Phase I measures for each of the levels in the system. For example, many counties operating GAIN programs would not currently be able to supply a listing of individuals who exited their programs over a specified period. Similarly, the State-level JTPA database does not currently contain information on which service provider was employed for each participant.

As with individual input data, the matching data necessary to support the Phase I measures is available. Display 2 shows the databases currently used in the FETPIP system and the corresponding databases available to California as well as the relevant data available in these databases. Note that all of the databases that Florida uses for matching are available in California with the exceptions of a State-level database of secondary school students and a private university database.

The Committee intends that the SB 645 system will employ matching sources that can provide the most accurate, timely, and complete information applicable to the performance measures. The Committee will continue to seek better matching sources in

order to achieve the long-term goal of finding the outcomes for 100 percent of workforce preparation program leavers. The databases shown in Display 2 represent only a starting point in this search.

Measures of "earnings at one and three year follow-up periods," "length of employment retention," and "before, during and after program earnings" cover more than one year and will initially require methodologies different from those that will ultimately be used. For all of these measures, data on program enrollees and leavers will be collected for years previous to 1995-96 and will be matched with both current and archival data sources. In future years, it will not be necessary for programs to provide historical data on their leavers, as the SB 645 system will maintain its own historical data. Most programs listed on Display 5 can provide historical data on their leavers to be used in the first year SB 645 report cards. As the SB 645 system is developed, workforce preparation programs that are later added may, at some future date, need to provide historical data on their participants as well.

The final Phase I measure not previously discussed, employer satisfaction, requires a survey of the employers in the state to determine how satisfied they are with the preparation of the workforce. Although several such surveys are currently conducted in the state, none are comprehensive and all are costly. The Committee will examine existing methods and determine a viable, efficient approach by October 1, 1996.

Programs Participating in the System

SB 645 states that "this system shall measure the performance of state and federally funded education and training programs." The law lists the programs that *may* be included as those operated under: the Job Training Partnership Act, the Carl D. Perkins Vocational Education Act, the Job Opportunities and Basic Skills program, the Food Stamp Employment and Training program, the Wagner Peyser Act, the Employment Training Panel, adult education programs, vocational education programs, and certificated community college programs.

The Committee intends, for the purposes of the initial set of SB 645 report cards, that at least a representative sample of those who have participated in each of the programs listed in SB 645 will be included. To this end, the Committee asked each program to propose those it would prefer to include. The Committee considered the agencies' proposals and decided which participants to include in the initial SB 645 report cards (see Display 5). In each subsequent year, the SB 645 report cards will be expanded to include a larger percentage of all the participants in the workforce preparation system. At a minimum, by the year 2001, the report card system will include all of the leavers from the programs, or subsequent programs of similar purpose, that are listed above.

SB 645 further states that the SJTCC shall explore the feasibility of including in the report card system individuals attending private postsecondary institutions, in receipt of federal student loans or Pell grants, in grades 11 and 12, and all those enrolled in a state community college, California State University, or the University of California. While the Committee will generally defer such exploration until after 1997, Committee staff are already working with the Student Aid Commission to determine whether or not to include their clients in the SB 645 system. The SJTCC believes that SB 645 intends that all programs in the state whose purpose is to prepare any part of the workforce should ultimately be included in the report card system.

Hardware and Software Requirements

After making decisions about which measures to use, the analytic methodology to apply to each, and who will be measured, a system of hardware and software must be designed that will actually process the data for the SB 645 report cards. The Committee will consider three possibilities: (1) adapt the FETPIP system, (2) adapt the system used by the California Community Colleges, or (3) design an entirely new system.

FETPIP has offered to give California its software for no cost, provide specifications for the necessary hardware, and provide technical assistance in setting the system up. Since the Committee desires to keep developmental costs to a minimum, this is an attractive offer. However, most of the FETPIP system was developed over a decade ago, for much lesser quantities of data than California would need, and using software that is no longer state-of-the-art.

The second possibility is to adapt the system being used by the California Community Colleges. This system is based on the FETPIP system but was developed more recently and uses more current technology. However, it is customized for community college use and may not be completely appropriate for the evaluation of other programs.

The last possibility involves designing a whole new system, or a major modification of one of the existing systems. This would probably be the most costly and time-consuming approach, but would yield the best system.

The Technical Work Team, in cooperation with Committee staff, will analyze the options and recommend an approach complete with a workplan and a budget by October 1, 1996.

Contracting

SB 645 gives the Committee the role of designing the report card system, but presents options for the Committee to either develop and operate the system itself or to contract with an "operating entity". After researching a number of issues, such as cost assessment and confidentiality, the Committee intends to publish a Request for Proposal (RFP). The

Committee will ask interested parties to present separate proposals for system development (hardware and software) and operation with appropriate budgets. The Committee will then compare the efficacy of developing and/or operating the system itself with the proposals it receives.

Operating the system may not conform well to the overall purpose and role of the SJTCC. It exists primarily to give advice to the Governor and the Legislature on workforce preparation policy. Implementing the SB 645 report card system would be a departure from that policy orientation. The Committee believes that it should operate the SB 645 system only if an efficient and suitable operating entity cannot be found.

In the selection of a contractor, the Committee will take into account the following:

- Competency;
- Objectivity toward each of the workforce preparation programs;
- Efficiency and cost effectiveness;
- Ability to ensure confidentiality;
- Independence from operating a program.

Before issuing an RFP, the Committee must establish who can serve as operating entity. SB 645 does not specifically proscribe non-governmental agencies from acting as the operating entity. SB 645 specifically provides for the exchange of data among "governmental departments and agencies" without the prior consent of the individual, but doesn't mention non-governmental agencies. Currently, private-sector entities are using earnings files for program evaluation without prior consent. Therefore, the Committee will seek the necessary legal clarification on this issue before making decisions about who should act as operating entity.

The Committee intends to obtain proposals from potential contractors, evaluate them, and make a decision in time for the operating entity to begin work on February 1, 1997. See Action Plan and Timetable for details.

Potential Legislative Issues

SB 645 specifically requires that the report card system be operated in compliance with law concerning the confidentiality of data maintained on individuals. SB 645 states that the data collected for the report card system is solely for assessing the performance of the workforce preparation system and may not be sold or distributed to any entity without the prior consent of the individual. SB 645 clearly states that the exchange of data among governmental agencies for report card purposes is allowed. In fact, the provision of necessary individual data by workforce preparation agencies to the Committee, or its operating entity, is required.

In the work of the Committee to date, some workforce preparation agencies have expressed concern about their legal ability to share confidential data with other governmental agencies. The Committee considers it essential to the SB 645 system that confidential data be shared between workforce preparation agencies and the Committee or its operating entity. If necessary, the SJTCC will propose legislation to ensure this flow of information.

A second potential legislative issue in need of resolution involves the availability of SSNs for students in programs operated by the California Department of Education (CDE). Not all K-12, adult education, and vocational education programs obtain or use SSNs as student identifiers. According to CDE, counties and school districts currently cannot require student SSNs as a condition for providing schooling. Therefore some agencies do not even request SSNs or use them as their primary student identifier. Without SSNs, some of the SB 645 measures, such as measures of employment and earnings, cannot be applied. Since some counties and school districts do use SSNs, it will be possible to include them in the initial report cards. However, in order to fully implement SB 645, all of these agencies will ultimately have to collect and report SSNs.

The SJTCC believes that, because SB 645 requires participating agencies to submit SSNs, the law gives the agencies the authority to solicit the SSNs.

Budget

The costs of the SB 645 system divide into development costs and operating costs. Development costs are those necessary before any report cards are produced. They are associated with policy development (e.g. determining which measures to use), technical design (e.g. identifying data needs and availability), administrative activities (e.g. contracting with an operating entity), and start-up (e.g. initial operating entity staffing, hardware and software purchases, etc.)

As discussed under the section, Contracting, detailed budgets for development and operation of the SB 645 system will not be known until February 1997 when the Committee has evaluated proposals from potential contractors and decided whether or not to contract for development and/or operation.

With the exception of start-up expenses, most development costs will continue to be supported by pre-existing funding, both for the SJTCC and for the agencies participating in the SB 645 system. The PBA Committee will not have detailed budgets for start-up and operation of the SB 645 system until the SB 645 system is developed and/or the PBA Committee selects an operating entity.

Cost Assessment

SB 645 gives the Committee the authority to assess the participating programs for both development and operating costs. The law also provides that, to the extent allowed by federal law, agencies shall redirect funds currently used for program follow-up activities.

The Committee will determine what funding is available from participating programs to support SB 645 activities. The Committee will then develop and consider options for how the cost assessments can be applied and select a scheme by October 1996.

Since the Committee will not know the start-up and operating costs until it selects an operating entity, the Committee may not make initial program assessments until after that selection is made. However, the Committee will adopt an assessment scheme and make the initial program assessments by January 1, 1997 at the latest.

The Initial Report Cards

SB 645 specifies that the Committee, or its operating entity, will produce the first set of report cards by December 31, 1997. However, the Committee has determined that, in order to produce more accurate reports, it is necessary to delay publication of the initial report cards until March 1998. This decision results from the Committee's desire to use four quarters of Unemployment Insurance data for the employment and earnings measures. As shown in Display 3, four quarters of Unemployment Insurance data will not be available until December 1997 for follow-up on those who exited programs during the 1995-96 program year. An additional three months after matching is then needed to produce the first set of report cards.

The Committee intends that the initial set of report cards will be prototypes, useful to get the system started and to identify and solve problems. In addition, there is insufficient time before March 31, 1998 to augment the workforce preparation programs' data systems to support all of the Phase I measures. Therefore, this first set of report cards will only apply *some* of the Phase I measures to *some* of the previous participants in the workforce preparation system, and they will not be customized for *all* report card customers.

The Committee is cognizant that the report cards will be highly statistical in nature and must be carefully presented in order to preclude misinterpretation. Therefore, the Committee, and its operating entity, will work closely with program operators and with the report card customers to design the report cards for clarity and simplicity.

Waivers

SB 645 directs that the Committee will apply for any federal waivers that may be necessary to implement the SB 645 system. Pursuant to this section, the Committee has recommended that the Governor seek a waiver from the Job Training Partnership Act (JTPA) requirement for determining the employment status of participants 13 weeks after termination from the program. Currently, this is done in California by a contractor who employs a costly survey methodology. The follow-up methodology proposed in this plan would be much less costly and, arguably, more accurate. However, the Unemployment Insurance data upon which this methodology is based contains quarterly data and would not support the JTPA 13-week follow-up requirement.

SB 645 ACTION PLAN AND TIMETABLE

ACTION	RESPONSIBLE PARTY	START DATE	END DATE
Define SB 645 business requirements (into RFP)	Committee staff, TWT	3/1/96	7/1/96
Develop and issue FSR (if necessary)	Committee staff, TWT	4/1/96	7/1/96
Identify funding sources for development and operations	Committee staff	4/1/96	7/1/96
Waiver request for JTPA follow-up	SJTCC		9/1/96
Agreement on common definitions for standardized database	TWT	2/1/96	9/1/96
Identify and resolve any impediments to sharing confidential information	Committee staff, Committee (with legal advice)	3/1/96	9/1/96
Develop cost assessment options	Committee staff	3/1/96	9/1/96
Decision on standardized database categories	IWG, Committee	4/1/96	9/1/96
Select cost assessment scheme	Committee		10/1/96
Develop customer satisfaction survey methodology (into RFP)	Committee staff, TWT	4/1/96	10/1/96
Determine whether private sector organization can serve as operating entity	Committee (with legal advice)	4/1/96	10/1/96
Develop and issue RFP for system development and/or operation	Committee staff	7/1/96	10/1/96
Advance any legislation needed to implement SB 645 system	SJTCC		10/31/96
Deadline for proposals			12/1/96
Analyze proposals and make recommendation	Committee staff	12/1/96	1/1/97

Appendix

ACTION	RESPONSIBLE PARTY	START DATE	END DATE
Assess programs for start-up and first year operation costs	Committee		1/1/97
Select contractor or choose to develop and/or operate system in-house	Committee		2/1/97
Negotiate agreements for matching	Operating entity	2/1/97	4/1/97
Deadline for completion of system development (whether or not contracted out)	Development contractor or in-house staff		7/1/97
Deadline for submission of participant data by participating programs (new enrollments and leaver cohorts)	SB 645 participating programs		11/1/97
Build standardized database	Operating entity	4/1/97	11/1/97
Design of initial set of report cards	Operating entity	2/1/97	12/1/97
Obtain match data: UI, CSU, Federal, Military, etc.	Operating entity	11/1/97	12/1/97
Complete employer satisfaction survey	Operating entity	2/1/97	1/1/98
Approval of design of initial set of report cards	Committee		1/1/98
Compile and summarize participant data	Operating entity		1/1/98
Produce draft SB 645 report cards	Operating entity		1/1/98
Collaborative contextual meetings	Operating entity, SB 645 participating programs, and specialists	2/1/97	3/1/98
Approval for release of report cards	Committee		3/1/98
Publish SB 645 report cards	Operating entity		3/31/98

DISPLAY 1

**PROPOSED PERFORMANCE MEASURES
FOR THE WORKFORCE PREPARATION SYSTEM**

Category	Goal	Phase I Measures
Attainment of Needed Knowledge and Skills	Workplace Skills	<ul style="list-style-type: none"> • Employer satisfaction (see also Category, "Benefits to Employers")
Positive Transition	Obtain employment	<ul style="list-style-type: none"> • Employment rate • Earnings before, during, and after program participation
	Economic independence	<ul style="list-style-type: none"> • Rate of change in participant status from tax receiver to tax payer (see also category, "Benefit to Society")
	Employment retention	<ul style="list-style-type: none"> • Length of employment retention Earnings at one and three year follow-up periods
	Advance to higher education/ advanced training	<ul style="list-style-type: none"> • Rate of entry into public, post-secondary education*
Benefit to Society	Return on Public Investment	<ul style="list-style-type: none"> • Participants' change in status from tax receiver to tax payer (rate at which welfare recipients become employed)
Benefit to Employers	Employer Satisfaction	<ul style="list-style-type: none"> • Employer satisfaction - This measure might include, among other dimensions of satisfaction: <ul style="list-style-type: none"> - Change in hiring costs - Change in training costs - Length of time to fill job openings

* The Committee intends to measure educational participation at one- and three-year follow-up periods as part of Phase II measures.

DISPLAY 2

SOURCES FOR MATCHING DATA

Florida's System	Matching Data Extracted	Comparable California Database
State Unemployment Insurance database	<ul style="list-style-type: none"> • Individual's employer • Individual's quarterly earnings • Weeks worked by individual ¹ 	State Unemployment Insurance database
State Employee Payroll database	<ul style="list-style-type: none"> • State government employment 	Employment History database (Controller)
Federal Department of Defense	<ul style="list-style-type: none"> • Military enlistment 	Federal Department of Defense
Office of Personnel Management	<ul style="list-style-type: none"> • Federal civilian employment 	Office of Personnel Management
U.S. Postal Service	<ul style="list-style-type: none"> • Postal Service employment 	U.S. Postal Service
Division of Public Schools	<ul style="list-style-type: none"> • Enrollment in vocational education ² 	Not available in California
Division of Community Colleges	<ul style="list-style-type: none"> • Enrollment into community college system 	California Community Colleges Enrollment database
Board of Regents - State University System	<ul style="list-style-type: none"> • Enrollment into the State University System 	UC and CSU Enrollment databases
Private University database	<ul style="list-style-type: none"> • Enrollment for Florida residents only 	Not available in California
Health and Rehabilitative Services database	<ul style="list-style-type: none"> • Receipt of food stamps • Receipt of Aid to Families with Dependent Children 	MEDS file (Department of Health Services)
Department of Corrections	Incarceration	Offender-based Information System

¹ This data element is not captured on the California Unemployment Insurance database.

² This data is used in Florida to follow-up on K-12 students. In California, K-12 students will not be included in the initial set of SB 645 report cards.

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DISPLAY 5

**PARTICIPANTS INCLUDED IN THE FIRST
SB 645 REPORT CARDS***

Agency	Program	Participant Group	Estimated Number of Participants
Community Colleges	Vocational / Technical Education - postsecondary	All students who have taken at least 12 units of occupational course work (based on a 2-digit TOP code) and occupational program completers	135,000 to 150,000
California Department of Social Services	GAIN	All GAIN participants in 6 counties: Butte, Contra Costa, Los Angeles, Sacramento, San Bernardino, and San Diego plus a statewide sample	45,000
	Refugee Employment and Training	To be determined	
Employment Training Panel		All participants	20,000
Employment Development Department	Job Services	Participants in Job Search Workshops, Job Finding Club, Intensive Services Program and Job Agent clients	64,000
	Unemployment Insurance Programs	Participants in the California Training Benefits Program	13,500
	Job Training Partnership Act	Participants in the adult programs: Title IIA and Title III	48,000
California Department of Education	ROP/C	To be determined	
California Department of Education	Adult Education	To be determined	
Department of Rehabilitation		To be determined	

* SB 645 intends that other state and federally-funded education and training programs shall be measured in subsequent report cards. The Committee intends to phase-in the measurement of other programs. This is an initial list of agencies and programs and is not inclusive.

> GOVERNANCE STRUCTURE**SECTION I: INTRODUCTION**

In 1994, the Governor signed into law Senate Bill (SB) 1417, which directed the State Job Training Coordinating Council (SJTCC) to develop recommendations for transforming California's collection of federal and State employment and training programs into an integrated workforce preparation system. The SJTCC which is, among other things, the Governor's advisory body for workforce preparation, submitted an initial report on SB 1417 in 1995. The "Response to Senate Bill 1417: Developing a New Workforce Preparation System" presented recommendations in four general categories: performance-based accountability, strategic planning, linkages with business and industry, and governance.

Recognizing that the current employment and training governance structure is complex and fragmented, with numerous advisory and decision-making bodies and with authority spread among various entities, the SJTCC recommended that California develop a new, simplified, and integrated governance structure for its workforce preparation system. Once developed and approved, California could begin the transition to a more appropriate and responsive structure designed to meet its needs. Existing advisory bodies, including the SJTCC, would continue in their current form until replaced by the new structure.

The SJTCC's Response to SB 1417 stated that the council would make recommendations for a new governance structure by April 1, 1996. Section II of this report contains those recommendations. Section III presents the next steps the SJTCC believes are necessary in order to develop and implement the new structure.

Context

The Governor has introduced and supported a number of initiatives over the last several years aimed at reforming California's employment and training system. During this same period, parallel education reform efforts began that have impact on the employment and training system. As this work was progressing, the federal government accelerated its activities to explore similar reforms for federal programs. That exploration resulted in workforce development reform bills in both the House and the Senate. Those two bills, referred to generally as workforce development block grant legislation, are now in a joint House/Senate conference committee for reconciliation. When completed, a final bill will be sent to the President for signature.

In April of 1995 the SJTCC recognized that the pending federal workforce development block grant legislation, and uncertainty over the precise provisions it will eventually contain, would have a strong influence on the council's reform efforts. For instance, the workforce development block grant legislation consolidates many federal employment and training programs and proposes new governance and administrative policies.

The SJTCC believes that recommendations it makes to integrate and simplify governance for California's workforce preparation system must conform as closely as possible to what the federal legislation will require. To that end, the council has continued to monitor federal workforce development block grant legislation and, where possible, account for anticipated federal policies in the council's recommendations. The resulting recommendations are ones which mirror new federal direction to the degree that they can, but which the council acknowledges may require modification once the federal legislation actually becomes law.

Process

The SJTCC has used a multi-faceted and inclusive process in developing its workforce development recommendations. The viewpoints of all stakeholders in California's workforce preparation system, including business, labor, government, service providers, and program participants, were actively sought and considered. The SJTCC has used a wide variety of approaches to stimulate participation in the public debate on workforce preparation, including many public meetings held throughout the state, review of other States' workforce preparation systems, review of the California Research Bureau study of workforce preparation governance systems, and focus groups with business and labor.

SECTION II: A NEW GOVERNANCE STRUCTURE FOR WORKFORCE PREPARATION

In its Response to SB 1417, the SJTCC adopted a vision for California's new workforce preparation system: "California will have a highly-skilled and well-educated workforce that enhances the State's competitive advantage in the global economy." A crucial step in realizing that vision is to restructure both the State and local governance of the system in order to minimize the duplication of programs and services, reduce unnecessary expenditure of resources, consolidate overlapping advisory boards and councils, establish linkages between workforce and economic development, and, where possible, consolidate authority. The SJTCC's goal is for California to be ready to implement such a structure under federal workforce development block grant legislation.

In order to expedite the development of recommendations for the new governance structures, the SJTCC established two parallel structures to review and recommend on state and local governance issues. State-level governance and the issues surrounding it were assigned to the council's Special Committee on Governance. Local-level governance,

and certain issues surrounding it, were assigned to an SJTCC task force that was charged with developing a policy framework for a One-Stop Career Center System in California. Such a system will become the service delivery mechanism under federal workforce development block grant legislation.

The recommendations which follow are those that relate to State-level governance. Recommendations for local-level governance are contained in the SJTCC report “California’s One-Stop Career Center Vision.”

Recommendation #1 - Create the California Workforce Preparation Council.

The “California Workforce Preparation Council” would be a new body that would replace, and in some cases consolidate, appropriate existing advisory councils and boards. The SJTCC itself, for instance, would be eliminated under federal workforce development block grant legislation with the repeal of the federal Job Training Partnership Act. Some of the SJTCC’s current functions, however, might be transferred to the new Council.

Structure

The Council will be accountable to and report directly to the Governor, should be independent of any State agency, and will have its own staff. The Chair of the Council will be appointed by the Governor and the Council will act as the Governor’s advisory body for the collaborative process under federal workforce development block grant legislation.

The council will make policy recommendations to the Governor, the Legislature, the Superintendent of Public Instruction, the Chancellor of the Community Colleges, and related boards regarding workforce preparation issues.

The Council will forward recommendations for the workforce preparation system to the Governor, who will approve or disapprove those over which he has direct administrative control. The Governor will forward all other recommendations to the appropriate State workforce preparation entities.

Composition

The Council should have a maximum of 30 members, all of whom must have demonstrated knowledge and experience with workforce preparation issues. The Governor will appoint the members, using constituent recommendations where appropriate.

Members should be from the executive levels of their organizations, must be able to secure input from and communicate with their constituents and advisory groups, and must be actively committed to serving on the Council. The Council membership should include representatives from four groupings: the Private Sector, State Government, Education, and Local Areas. Ideally, Council composition would meet federal workforce development block grant legislation requirements for a State Workforce Development Board.

A majority of the Council membership should come from the private sector. The remaining membership would be distributed evenly between the other three groupings, with approximately one-third coming from each: State Government, Education, and Local Areas.

Following is a list of the four groupings, with suggestions for the sub-groups contained in each one:

- Private Sector (Majority of the membership)

Members may be drawn from:

Business Associations

Industry Clusters (“concentrations of related complimentary enterprises in general industry areas such as Healthcare Technology, Telecommunications, Entertainment, and Environmental Industries.”)

Labor

- State Government (Approximately one-third of remaining membership)

Members may be drawn from:

Economic Development Organizations

The State Trade and Commerce Agency

State officials representing employment and training programs such as the Department of Aging, the California Conservation Corps, the Employment Development Department, the Employment Training Panel, the Department of Industrial Relations, the Department of Rehabilitation, and the Department of Social Services

State Assembly

State Senate

- Education (Approximately one-third of remaining membership)

Members may be drawn from:

- Superintendent of Public Instruction
- State Board of Education
- Chancellor of the Community Colleges
- Board of Governors of the California Community Colleges
- Regents of the University of California
- President of the University of California
- Chancellor of the California State Universities and Colleges
- Board of Trustees of the California State Universities and Colleges
- Independent Institutions of Higher Education

- Local Areas (Approximately one-third of remaining membership)

Members may be drawn from:

- Local elected officials
 - City and County Officials
 - Members of Local Education Boards
 - Local Community College District Trustees
- Local Service providers
 - Community Based Organizations
 - Private Proprietary Postsecondary Schools
- Local Economic Development Organizations

Recommendation #2: The California Workforce Preparation Council will facilitate and serve as the Governor’s advisory body for the development, implementation, and maintenance of the workforce preparation system.

Under federal workforce development block grant legislation, California will be required to develop its workforce preparation system through a collaborative process that includes a wide range of stakeholders and customers. The principal role of the Council will be to facilitate and engage in that process on behalf of the Governor. As such, Council functions will be categorized under three general areas: advice, action, and evaluation.

The Council will be responsible for advising the Governor, through recommendations, in all areas critical to workforce preparation. Additionally, the Council will be responsible for a variety of tasks associated with implementing and supporting the workforce preparation system and the collaborative process. Finally, the Council will be responsible for evaluating the effectiveness of the overall system, as well as for evaluating the effectiveness of specific aspects of the system.

The SJTCC believes that any such council must fulfill the following specific functions:

First Priorities:

- Coordinate the workforce preparation system, including the development of common definitions and a shared data system.
- Integrate federal and State workforce preparation programs.
- Streamline the system.
- Develop measures for the system.
- Link the public workforce preparation system to the economic development strategy of the state.
- Consolidate the current workforce preparation advisory bodies with similar functions. (The bodies to be consolidated will be identified, in part, by federal workforce development block grant legislation.)
- Advise the Governor on federal workforce development block grant legislation.
- Facilitate the federal collaborative process on behalf of the Governor.
- Forward recommendations resulting from the collaborative process to the Governor.

Second Priorities:

- Bring better coordination and program articulation.
- Provide support for positive changes in laws and regulations affecting the workforce preparation system.
- Implement continuous improvement practices in the operations of the workforce preparation system, including a review of “best practices.”
- Regularly evaluate progress toward this vision.
- Be accountable and report directly to the Governor.
- Link the workforce preparation system to the current needs of the customers, both private sector business and participants, and to the local service delivery entities.
- Make recommendations on the allocation of funds within the system.
- Develop necessary flexibility in the system to allow the best local delivery.
- Ensure support of local and State economic development goals.

- Develop a State plan, and review local plans, for the statewide workforce preparation system, including the following:

Review, comment on, and recommend modifications to workforce preparation program plans and budgets.

Phase-in a system of performance-based accountability measures, standards, incentives, and sanctions.

Make additional recommendations to improve the performance of the workforce preparation system and programs.

Recommendation #3: California's workforce preparation system will include the programs consolidated under federal workforce development block grant legislation and programs identified in State Senate Bill (SB) 645.

The core programs which will be included in California's workforce preparation system are those which will be identified by federal workforce development block grant legislation. That legislation eliminates and consolidates many current federal employment and training programs. Although final legislation has yet to be enacted, the SJTCC anticipates that, at a minimum, five specific federal program areas will be included. The five federal program areas are:

- Postsecondary Vocational/Technical
- Adult Education
- Vocational Education - Secondary Schools
- Wagner-Peyser Act
- Job Training Partnership Act

In addition to the programs listed in federal workforce development block grant legislation, the SJTCC believes that other programs identified in SB 645 should also be included in the workforce preparation system. These programs would be included for performance-based accountability purposes.

The additional programs listed under SB 645 are:

- The Job Opportunity and Basic Skills Act
- The Food Stamp Employment Training Act
- The Employment Training Panel
- The Rehabilitation Act

Finally, it is incumbent upon the Council to review the full array of job training programs to recommend those to be included in California's workforce preparation system. The

Governor and the collaborative process under federal workforce development block grant legislation may decide to include others. As an example, additional programs such as the California Conservation Corps' Training and Work program and the California Youth Authority's Youth Employment program are among additional programs listed in the SJTCC's Response to SB 1417.

SECTION III : NEXT STEPS

There is a great deal of work remaining in order to effectively transition to California's new workforce preparation system. Critical issues such as those involving administration and local governance have yet to be resolved. Under federal workforce development block grant legislation, various programs, such as those under the Job Training Partnership Act, will have to be closed out; implementation of the One-Stop Career Center System must be completed; and information-sharing systems must be developed and implemented. State planning must continue; and, in the absence of federal workforce development block grant legislation, changes in federal law and/or waiver of certain federal regulations may have to be pursued.

The SJTCC is committed to continuing its activities on behalf of the Governor in developing this new system. There are several critical governance issues the SJTCC has identified as next steps in this process.

Suggested next steps for workforce preparation governance are:

- Monitor and review emerging State and federal workforce preparation legislation and recommend the modification of workforce preparation policy accordingly.
- Recommend revision of existing State law where it is necessary to consolidate programs or existing councils.
- Review the constraints of existing federal law If federal workforce development block grant legislation is not enacted. The SJTCC would make recommendations in a number of areas including suggested modifications in federal legislation, federal waivers which California should pursue, and ways to proceed in meeting the necessary reforms of the workforce preparation system within the parameters of existing federal law.
- Complete the recommendations for local governance. Some critical issues, such as the designation of substate areas, require resolution.

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